

6. The amount of rates and taxes paid by the owner should be ascertained, in diminution of the return from rent,

7. It should naturally be seen that the tenants in the neighbourhood generally are of a respectable class, and the surrounding houses occupied.

8. A respectable solicitor should always be employed to examine the Title, and prepare the Deed of Mortgage. , Home made contracts invariably lead to trouble and dispute, and not seldom to loss.

9. Assuming the loan to be found desirable, it is important that it should be fixed definitely for a period of five or seven years. It is often proposed that the advance should simply be subject to repayment on six months' notice at any time from either side. The disadvantage of this course is that if the current rate of money should fall (that is, if loans generally can be obtained on easier terms than those contracted in this agreement) the mortgagor will give notice of repayment, raise the advance, by transfer, from another source, and thus deprive the lender of an excellent security and entail upon him the cost and trouble of a substituted investment.

10. The character of the mortgagor—especially on the question of honesty and straightforwardness—should be carefully investigated from trustworthy sources before the valuation is arranged. He may and should furnish references, but (without implying any distrust) the replies of references are not in frequently limited and ambiguous, and the lender should invariably institute such independent inquiries respecting the owner and his references as will satisfy him that he is treating with a solvent and honourable man.

The element of character as the foundation of credit is, as I have already stated, an indispensable requirement in all monetary transactions.

11. I have found it a salutary practice that the lender (or his agent) should occasionally inspect, say, the exterior of properties upon which he has lent in order to observe that the condition of adequate repair has been maintained. I have known of instances where this wise precaution was omitted, and, although the interest was always punctually discharged, the lender discovered, on the termination of the period of the loan (where it finally happened, that he had to enter into possession), that